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Before the
Federal Communications Commission
Washington, DC 20554

In the Matter of	)	
	)	
1998 Biennial Regulatory Review—	)	IB Docket No. 98-118
Review of International Common	)	
Carrier Regulations	)	

REPLY COMMENTS OF BELL ATLANTIC[1]

I. Introduction and Summary.

There is a clear consensus among commenting carriers supporting the Commission's efforts to eliminate unnecessary regulations and streamline the approval process for providing international telecommunications. Only AT&T – which already has authority to serve most international routes and would face increased competition if the Commission's proposals are adopted – opposes them.[2]

The Commission should adopt its proposal to grant blanket section 214 authorization for international service to unaffiliated points, and should expand the class of carriers eligible for blanket authorization as suggested by a number of commenters. The Commission, however, should reject MCI's blatant ploy to insulate itself from increased competition by imposing special burdens on Bell operating companies. Finally,

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[1] These comments are filed on behalf of Bell Atlantic Communications, Inc. ("BACI") and NYNEX Long Distance Company ("NLD") who are U.S. certified international carriers that provide service outside the territories served by their local exchange carrier affiliates, and on behalf of Bell Atlantic Mobile, Inc.

[2] The Department of Defense and the Federal Bureau of Investigation both oppose many of the Commission's proposals. As the Commission recognized in the NPRM, these agencies have important concerns which must be taken seriously; the Commission's proposals do that. *See, e.g.*, NPRM at ¶¶ 10, 26-27 and nn. 41, 42.

the Commission should forbear from requiring section 214 applications from CMRS providers or, at the least, include them in the class of carriers eligible for blanket 214 authorization.

II. The Commission Should Expand The Class Of Carriers To Which Its Proposed Blanket Section 214 Authorization Applies, And Should Reject MCI's Efforts To Restrict Eligibility.

All of the commenting carriers, except AT&T, support the Commission's proposal to grant a blanket section 214 authorization for the provision of international telecommunications services on unaffiliated routes, and agree that this proposal is consistent with the directive in the Telecommunications Act to repeal or modify any regulation "no longer necessary in the public interest." 47 U.S.C. § 161. AT&T's self-interest in impeding carriers that will compete with it is clearly not in the public interest, and should not dissuade the Commission from adopting its proposal.[3]

In response to the Commission's request, NPRM at ¶ 9, a number of commenters have identified additional types of carriers whose eligibility for the blanket section 214 authorization would serve the public interest. For example, there is broad consensus that the blanket section 214 authorization should extend to affiliated routes where the Commission has already determined that the affiliate lacks market power in the

[3] It is not surprising that AT&T would seek to limit the competition it faces in the international market. International long distance service is a very profitable business, with AT&T's, MCI's and Sprint's price-cost margins for international service signficantly exceeding those they enjoy on domestic long distance service. *See* MacAvoy, Paul W., *The Failure of Antitrust and Regulation to Establish Competition in Long-Distance Telephone Services*, (AEI Press, Washington, D.C. 1996) at 164-66.

destination market.[4] Similarly, there is significant support for extending the blanket section 214 authorization to affiliated routes where the carrier or its affiliate has no telecommunications facilities in the destination market, or has only mobile wireless facilities in that market; or where the carrier serves the affiliated route solely by reselling the facilities of an unaffiliated U. S. carrier.[5] In all of these circumstances, the affiliate lacks market power in the foreign destination market or the ability to affect competition on the affiliated route, and there are no legitimate competitive concerns which are likely to be raised in a public interest evaluation. Consequently, the Commission should expand the class of eligible carriers to include these situations.

MCI is the only commenter that argues for restricting eligibility for the blanket section 214 authorization to a smaller class of carriers. According to MCI, "the Commission should exclude from blanket authorization any applicant seeking authority to provide international services from any region in the United States in which it has bottleneck control over local facilities."[6] This is a blatant ploy to further impede the efforts of the Bell companies to offer effective competition to MCI and other long distance companies, and should be rejected.[7]

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[4] *E.g.*, GTE Comments at 2; SBC Comments at 4-7; Primus Comments at 2; Qwest Comments at 3; Cable & Wireless Comments at 4; Bell Atlantic Comments at 2-3. *See also* CompTel Comments at 3.

[5] *E.g.*, GTE Comments at 3; CompTel Comments at 3; Primus Comments at 2; Cable & Wireless Comments at 4. *See also* Deutsche Telekom Comments at 2.

[6] MCI Comments at 4.

[7] MCI is one of the commenters on BACI's and NLD's international 214 applications that deliberately ignored the Commission's express direction not to discuss the need for Bell Atlantic to obtain section 271 authority to provide in-region long distance service.

The Commission already has determined that BACI and NLD, like similar subsidiaries of other Bell companies, are non-dominant for the provision of both in-region and out-of-region long distance services.[8] In addition, the Commission's grant of a section 271 application will, under the terms of the Act, include a finding by the Commission that provision of in-region long distance service by the applicant is in the public interest. 47 U.S.C. §271(d)(3)(C). In these circumstances, requiring a further proceeding to determine that it is in the public interest for the applicant to provide in-region *international* long distance service would only delay the applicant's ability to compete effectively against the incumbent long distance carriers. While such a delay would serve MCI's interest, it would not be in the public interest.[9]

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[8] *Regulatory Treatment of LEC Provision of Interexchange Services Originating in the LEC's Local Exchange Area and Policy and Rules Concerning the Interstate, Interexchange Marketplace*, 12 FCC Rcd 15756 (1997); *Bell Atlantic Communications, Inc. Application for Global Authority to Provide Facilities-based Switched, Private Line, and Data Services between the United States and International Points*, 12 FCC Rcd 1880 (1997); *NYNEX Long Distance Company Application for Authority to Provide International Services from Certain Points Within the United States to Gibraltar through the Resale of International Switched Services*, 12 FCC Rcd 24219 (1997); *NYNEX Long Distance Co. Application for Authority to Provide International Services from Certain Parts of the United States to International Points through the Resale of International Switched Services*, 11 FCC Rcd 8685 (1996).

[9] MCI's motivation is apparent when its argument here is contrasted with its position supporting the Commission's proposal to eliminate the need for separate section 214 applications where a carrier has already obtained a cable landing license. MCI argues there that the duplicate public interest determinations made in granting a cable landing license and a section 214 application are "unnecessary and therefore do[ ] not serve the public interest." MCI Comments at 7. As Bell Atlantic explained in its comments, it is similarly duplicative to deny streamlined processing or a blanket authorization to a carrier whose provision of in-region long distance service the Commission has already found to be in the public interest. Bell Atlantic Comments at 3, n. 2.

III. The Commission Should Forbear From Requiring International 214 Authorizations For CMRS Providers.

There is widespread consensus that the Commission should forbear from requiring CMRS providers to seek authorization under section 214 to provide international telecommunications services.[10] The Commission already has forborne from requiring section 214 authorization for domestic CMRS service,[11] and there is no reason why it should not do so in the international context as well. As a number of commenters explain, competition in the CMRS market assures reasonable rates and practices, and the criteria for forbearance are met.[12]

CONCLUSION

The Commission should adopt its proposal to grant a blanket section 214 authorization, and should expand the class of carriers to which the blanket authorization applies as described above. The Commission should reject MCI's blatant ploy to exclude the Bell companies from the blanket authorization. Finally, the Commission should forbear from requiring international 214 authorization for CMRS providers or, if it does not, should include them in the class of carriers to which the blanket 214 authorization

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[10] GTE Comments at 4; SBC Comments at 7-8; PCIA Comments at 3-13; Iridium Comments at 3.

[11] *Implementation of Sections 3(n) and 332 of the Communications Act*, Second Report and Order, 9 FCC Rcd 1411, ¶ 182 (1994).

[12] *E.g.*, SBC Comments at 7-8; PCIA Comments at 4-9; GTE Comments at 4. If the Commission nevertheless declines to forbear from requiring international 214 authorization for CMRS providers, it should include CMRS providers in the class of carriers to whom blanket section 214 authorization is granted.

applies.[13] As described, these changes will enhance competition in the market for international telecommunications services, and will therefore benefit consumers.

Respectfully submitted,

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[13] As described in Bell Atlantic's initial comments (at 4-5), the Commission also should adopt its proposals to eliminate section 214 applications for pro forma assignments and transfers of control, and to allow an authorized carrier to provide service through wholly-owned subsidiaries.